SASKATCHEWAN OPPORTUNITIES CORPORATION

THIRD QUARTER REPORT 2013

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2013

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STRATEGIC DIRECTION

Mission

To support the growth and success of the Saskatchewan technology sector through the development and operation of technology parks.

Vision

Saskatchewan's technology parks will be the best in the world.

Values

Innovation

Leadership in the introduction of new solutions in design, operations and sustainability.

Collaboration

Open and accountable in all our partnerships.

Excellence

The pursuit of quality beyond competence and efficiency to create an attractive and livable work environment for our tenants.

Goals

Public Purpose

Grow Saskatchewan's technology sector by contributing to the growth of the parks' tenants, supporting the establishment of new technology companies and attracting new science and technology activity to the province.

Stakeholders

Make it easy for all stakeholders to successfully accomplish their objectives in an environment of fairness, transparency and well being.

Financial

Maintain profitability at a level that supports the growth of our parks by prudently managing expenditures and enhancing revenues while providing superior value to our tenants.

Innovation

Through our efforts and by the example we set, enhance the performance of our industry, our environment and the people we serve.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following management discussion and analysis should be read in conjunction with the Corporation's unaudited interim financial statements and notes to those statements for the nine months ended September 30, 2013. What follows will provide the context within which the Corporation's unaudited interim financial statements should be analyzed. The Board of Directors for Saskatchewan Opportunities Corporation has approved these interim financial statements. For additional information relative to its operations and financial position, refer to the Corporation's Annual Report for the year ended December 31, 2012.

Forward Looking Information

This discussion includes forward looking statements about SOCO's corporate direction and financial objectives. Due to the risks and uncertainties inherent in any forecast, the actual results could differ materially from those anticipated.

Corporate Overview

SOCO operates under the business name of Innovation Place. The corporate mission is to support the growth and success of Saskatchewan's technology sector. Innovation Place fulfills this mission through the development and operation of technology parks on the campuses of the province's two universities in Saskatoon and Regina as well as a forest sector building in downtown Prince Albert.

The Saskatoon campus began operations in 1980 and presently is home to 129 tenants that occupy approximately 1.045 million square feet in 20 separate buildings. The Regina campus, opened in 2000, consists of six buildings housing 35 tenants and totaling approximately 464,000 square feet. The building in Prince Albert, opened in 2004, is 58,000 square feet and accommodates 21 tenants. The number of people working in Innovation Place facilities totals 5,293, spread proportionately through the three locations.

Core Business

Innovation Place manages specialized buildings primarily for technology companies and the service organizations that support them. Building specialization includes research greenhouses, laboratory buildings and industrial pilot plants. Specialized infrastructure includes laboratory utilities such as pure water and steam, process utilities such as high pressure steam and chilled water as well as a high performance data network.

Revenue is generated from leasing space in these buildings to a wide range of tenants that support each other's success. A typical lease arrangement would include a five year term with fixed revenue, adjusted annually for any increase in operating costs. Typical vacancy within buildings is approximately five percent. Major categories of operating costs include utilities, municipal property taxes, building and grounds maintenance and corporate administration. In general, both revenue and expenses are not subject to rapid change. Profitability is tightly linked to local real estate market conditions.

Bio Processing Centre

Innovation Place operates the Bio Processing Centre, a contract processing centre in Saskatoon. It extracts high value compounds from plant material, primarily for cosmetic and specialized food purposes. Since 2000, approximately 20 Saskatchewan companies have used the Bio Processing Centre for their processing requirements as have a similar number from outside the province.

Operational Highlights

	For the Nine Months ending September 30, 2013	2013 Target
Employment growth within the parks	(174)	(82)
Vacancy	3.9%	3.1%

Employment Growth Within the Parks

The decrease in employees is the result of tenants vacating the parks and a few tenants experiencing a decrease in employees.

Vacancy

The slight increase in vacancy is due to tenants vacating in the first nine months of the year. The percentage is expected to decrease as space is re-leased.

Financial Highlights

Results of Operations
(in thousands $)

	Three Months Ended September 30			Nine Months Ended September 30		
	2013	2012	Change	2013	2012	Change
Revenue	$ 10,349	$ 10,084	$ 265	$ 31,353	$ 30,855	$ 498
Operating expenses	(8,843)	(8,422)	(421)	(26,892)	(25,553)	(1,339)
Net finance expense	(421)	(398)	(23)	(1,271)	(1,181)	(90)
Net income	$ 1,085	$ 1,264	$ (179)	$ 3,190	$ 4,121	$ (931)

The increase in revenue is the result of higher rental rates being realized on lease renewals. However, this increase in rental revenue was offset by lower Bio Processing Centre revenue.

Reflected in the operating expenses variance for the nine month period is an increase in snow removal costs of $424,000, and increased amortization expense of $289,000. Increased amortization expense accounts for $125,000 of the increase for the three month period ended September 30, 2013. The remaining increase for the nine month period and the three month period ended September 30, 2013, is due to general expense increases.

Financial Position
(in thousands $)

	As at September 30, 2013	As at December 31, 2012	Change
Total assets	$ 192,799	$ 193,037	$ (238)
Total liabilities	$ 41,055	$ 42,785	$ (1,730)
Equity	$ 151,744	$ 150,252	$ 1,492

The decrease in assets is due to amortization expense on investment property exceeding the amount reinvested for the nine month period ended September 30, 2013.

The decrease in liabilities is due to lower trade and other payables at September 30, 2013.

Outlook

Net income forecasted to December 31, 2013 is $3,305,000. This represents an unfavourable variance of $1,006,000 from the annual budgeted net income of $4,311,000 due mainly to Bio Processing Centre results.

Total capital expenditures for 2013 are forecasted to be $6,664,000, reflecting a decrease of $2,088,000 when compared to the amount originally budgeted for the year.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the Saskatchewan Opportunities Corporation have been prepared by corporate management in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting*, and necessarily include amounts based on informed judgment and management estimates. Financial information presented elsewhere in this quarterly report is consistent with that in the financial statements.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility to the ongoing operation. Management maintains an appropriate system of internal controls, policies and procedures to provide reasonable assurance that all financial transactions are recorded on a timely basis with proper approvals and result in reliable financial statements.

The Board of Directors has reviewed and approved these unaudited interim financial statements.

On behalf of management,

Van Isman
Interim President and Chief Executive Officer

Charlene Callander, CA
Vice President and Chief Financial Officer

FINANCIAL REPORT

Condensed Consolidated Interim Statement of Comprehensive Income

($ Thousands - Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Revenue				
Rental	$ 10,065	$ 9,622	$ 30,415	$ 29,256
Bio Processing	260	390	788	1,350
Other	24	72	150	249
	10,349	10,084	31,353	30,855
Expenses				
Administration	1,391	1,393	4,085	4,008
Rental operations	7,075	6,617	21,606	20,324
Bio Processing operations	377	412	1,201	1,221
	8,843	8,422	26,892	25,553
Results before the following	1,506	1,662	4,461	5,302
Finance income	17	40	30	120
Finance expenses	(438)	(438)	(1,301)	(1,301)
Net Finance Income (Expense)	(421)	(398)	(1,271)	(1,181)
Net Income and Total Comprehensive Income	$ 1,085	$ 1,264	$ 3,190	$ 4,121

Condensed Consolidated Interim Statement of Financial Position

($ Thousands - Unaudited)

	At September 30, 2013	At December 31, 2012
Assets		
Current		
Cash and cash equivalents	$ 9,857	$ 8,925
Trade and other receivables	1,283	1,776
Inventories	221	166
Prepaid expenses	884	43
	12,245	10,910
Trade and other receivables	1,345	1,268
Property, plant and equipment	2,635	2,833
Investment property	173,564	175,694
Debt retirement fund	1,677	1,370
Other assets	1,333	962
	$ 192,799	$ 193,037
Liabilities and Province's Equity		
Current		
Trade and other payables	$ 3,237	$ 4,485
Dividends payable	511	741
Deferred revenue	623	875
	4,371	6,101
Long term debt	36,684	36,684
	41,055	42,785
Province of Saskatchewan's Equity		
Retained earnings	31,057	29,565
Equity advances	120,687	120,687
	151,744	150,252
	$ 192,799	$ 193,037

Condensed Consolidated Interim Statement of Changes In Equity

($ Thousands - Unaudited)

	Equity Advances	Retained Earnings	Total Equity
Balance at December 31, 2011	$ 120,687	$ 28,092	$ 148,779
Net income for the period	-	4,270	4,270
Dividends declared for the period	-	(2,797)	(2,797)
Balance at December 31, 2012	$ 120,687	$ 29,565	$ 150,252
Net income for the period	-	3,190	3,190
Dividends declared for the period	-	(1,698)	(1,698)
Balance at September 30, 2013	$ 120,687	$ 31,057	$ 151,744

Condensed Consolidated Interim Statement of Cash Flows

($ Thousands - Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Operating Activities				
Net income	$ 1,085	$ 1,264	$ 3,190	$ 4,121
Non-cash adjustments:				
Amortization of property, plant and equipment	104	100	322	320
Amortization of investment property	1,786	1,665	5,328	5,041
Finance income	(17)	(40)	(30)	(120)
Finance expense	438	438	1,301	1,301
	3,396	3,427	10,111	10,663
Working capital adjustments:				
Trade and other receivables	819	148	416	448
Inventory	(22)	(16)	(55)	8
Prepaid expenses	846	844	(841)	(838)
Trade and other payables, excluding interest	176	(758)	(1,121)	(100)
Deferred revenue	(196)	77	(252)	137
Cash provided by operating activities	5,019	3,722	8,258	10,318
Investing Activities				
Purchase of property, plant and equipment	(27)	(110)	(124)	(264)
Purchase of investment property	(1,548)	(1,419)	(3,198)	(6,194)
Interest received	29	26	90	86
Increase in other assets	(274)	(54)	(371)	(140)
Cash used in investing activities	(1,820)	(1,557)	(3,603)	(6,512)
Financing Activities				
Debt retirement fund installments	(237)	(237)	(367)	(367)
Interest paid	(558)	(557)	(1,428)	(1,427)
Dividends paid	(486)	(764)	(1,928)	(1,405)
Cash used in financing activities	(1,281)	(1,558)	(3,723)	(3,199)
Net change in Cash and Cash Equivalents during the period	1,918	607	932	607
Cash and Cash Equivalents, beginning of period	7,939	7,849	8,925	7,849
Cash and Cash Equivalents, end of period	$ 9,857	$ 8,456	$ 9,857	$ 8,456

Notes to the Condensed Consolidated Interim Financial Statements

($ Thousands - Unaudited)

1. General Information

Saskatchewan Opportunities Corporation (the "Corporation"), which operates under the business name of Innovation Place, was incorporated under *The Saskatchewan Opportunities Corporation Act*, which was proclaimed and came into force in 1994. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and has been designated a subsidiary of Crown Investments Corporation (CIC). The financial results of the Corporation are included in the consolidated financial statements of CIC. As a provincial Crown corporation, the Corporation is subject to neither federal nor provincial income tax.

The Corporation's mandate is to create, encourage and facilitate business opportunities in the Saskatchewan technology sector, primarily through the development and operation of technology parks.

The corporate office is located at 114 – 15 Innovation Boulevard in Saskatoon, Saskatchewan.

2. Basis of Preparation

a) Statement of compliance

The condensed consolidated interim financial statements for the nine months ended September 30, 2013 have been prepared in accordance with the recognition and measurement requirements of IFRS and the presentation and disclosure requirements of International Accounting Standards 34, *Interim Financial Reporting*. These interim results should be read in conjunction with the consolidated financial statements of the Corporation as at, and for the period ended, December 31, 2012.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for held-for-trading financial instruments which are measured at fair value.

c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment and investment property, and the underlying estimations of useful lives, capitalization of interest, disposal of long-lived assets, asset retirement obligations, and labour and directly attributable overhead; provision for unpaid claims; the carrying amounts of accounts receivable, inventory and investments.

Areas of judgments in applying accounting policies that have the most effect on the amounts recognized in these condensed consolidated interim financial statements include the accounting for special purpose entities and the determination of cash generating units.

3. Significant Accounting Policies

Excluding the changes noted below, the accounting policies applied by the Corporation in these condensed consolidated interim financial statements are consistent with those applied by the Corporation in its consolidated financial statements as at, and for the period ended, December 31, 2012.

Effective January 1, 2013, the Corporation adopted the following new and amended standards:

- IFRS 9, *Financial Instruments*
- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint Arrangements*
- IFRS 12, *Disclosure of Interests in Other Entities*
- IFRS 13, *Fair Value Measurement*
- IAS 19, *Employee Benefits*
- IAS 27, *Separate Financial Statements*
- IAS 28, *Investments in Associates and Joint Ventures*

The impact on adoption of these standards was not material.

4. Operating and Administration Expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Employee benefits	$ 2,804	$ 2,753	$ 8,406	$ 8,263
Utilities	1,160	1,004	3,252	2,960
Grants in lieu of property taxes	718	668	2,800	2,899
Amortization	2,190	1,765	5,650	5,361
Inventory consumed in the provision of services	226	232	677	655
Other	1,745	2,000	6,107	5,415
	$ 8,843	$ 8,422	$ 26,892	$ 25,553

Corporate Office

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